Australian Bureau of Statistics

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February 2010	23 February 2010
March 2010	30 March 2010
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July 2010	27 July 2010

WHAT'S NEW THIS MONTH

Topics which have been updated with new data in this month's issue of **SA Stats** include: Construction; Consumption; Housing Finance; International Merchandise Trade; Labour Force; and Water.

This month's **SA Stats** includes an article which looks at the cost of building a house in Adelaide. Home ownership remains part of the great Australian dream but rising property prices are perceived as one of the main components making that dream harder to realise. Data from the ABS publications **House Price Index: Eight Capital Cities** (cat. no. 6416.0) and **Building Activity Australia** (cat. no. 8752.0) is analysed to assess the changes in the cost of building a house in Adelaide.

INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or James Inglis on Adelaide (08) 8237 7405, or email sa.statistics@abs.gov.au.

Feature Articles

FEATURE ARTICLES

2010

Jan 2010 Houses in South Australia: The cost of building a dream

2009

Dec 2009	International Students in South Australia
Nov 2009	Perceptions of Crime and Safety in South Australia
Oct 2009	Who's Not in the Labour Force?
Sep 2009	One parent families with dependent children in South Australia
Aug 2009	Heating and Cooling
Jul 2009	What are South Australians Studying?
Jun 2009	Water Efficiency in South Australia's Vineyards
May 2009	Journey to Work in the City of Adelaide
Apr 2009	Housing Finance - First Home Buyers and Other Borrowers
Feb 2009	Recent Increases in South Australia's Fertility
Jan 2009	South Australian Household Final Consumption Expenditure

2008

Dec 2008	Energy Consumption in South Australia
Nov 2008	Adelaide's Population Turnover
Oct 2008	Contributors to Adelaide's Price Rises
Sep 2008	Adelaide's Suburbs of Advantage and Disadvantage
Aug 2008	South Australia's Agriculture Industry
July 2008	New Dwelling Approvals in South Australia
May 2008	Literacy of South Australians
April 2008	South Australia's Migrant Population South Australia's Ageing Population and the Labour Force
Feb 2008	South Australia's Mining Industry Water Supply in South Australia
Jan 2008	Labour Force Underutilisation and the Underemployed in South Australia Water Use in Agriculture - A South Australian Perspective

2007

Nov 2007	Sports Attendance in South Australia Recorded Crime - Victims, South Australia, 2006
Oct 2007	Attendance at Cultural Venues and Events by South Australians
Aug 2007	Children's Participation in Cultural and Leisure Activities - South Australia, 2006
Jul 2007	South Australia's big picture: Census highlights the changes in South Australian society Participation in Sports and Physical Recreation Activities - South Australia
May 2007	Health of South Australians - Body Mass Household Use of the Internet in South Australia
Apr 2007	Employment in the Retail Trade Industry in South Australia River Murray - South Australia
Mar 2007	Household Waste Management in South Australia
Feb 2007	Births - South Australia
Jan 2007	Gross Domestic Product and Gross State Product

2006

Dec 2006	Rainfall in South Australia, South Australian Reservoirs, Water Consumption
Nov 2006	Health of South Australians - Health related actions
Oct 2006	National Regional Profile - New Release, New Features
Sep 2006	Fuel Production and Consumption, Greenhouse Gas Emissions, Land Use Change and Forrestry
Aug 2006	Health of South Australians - Health Risk Behaviours The South Australian Grape Industry
Jul 2006	Use of IT By Australian Businesses Household use of the Internet in South Australia
May 2006	Health of South Australians - Health Status

Apr 2006	International Trade in Services
	International Students in South Australia
Feb 2006	Labour Force and Other Characteristics of Migrants in South Australia
Jan 2006	Survey of work in selected Culture & Leisure Activities
2005	
Nov 2005	Household Income in South Australia
	Household Expenditure in South Australia
Oct 2005	SA Business and Innovation
	Recent History of Population change in South Australia, 1993-94 to 2003-04
Aug 2005	Average Weekly Earnings
	Transition from School

Demography

DEMOGRAPHY

ESTIMATED RESIDENT POPULATION

The estimated resident population (ERP) for South Australia was 1,622,700 at 30 June 2009, an increase of about 19,400 persons (1.2%) since 30 June 2008. Nationally, the ERP was 21,874,900 at 30 June 2009, an increase of about 443,100 persons (2.1%) since 30 June 2008.

ESTIMATED RESIDENT POPULATION, Preliminary data

	Population at end June quarter 2009 '000	Change over previous year '000	Change over previous year %
New South Wales	7 099.7	115.5	1.7
Victoria	5 427.7	113.9	2.1
Queensland	4 406.8	112.9	2.6
South Australia	1 622.7	19.4	1.2
Western Australia	2 236.9	65.7	3.0
Tasmania	502.6	5.1	1.0
Northern Territory	224.8	5.0	2.3
Australian Capital Territory	351.2	5.6	1.6
Australia(a)	**21 874.9**	**443.1**	**2.1**

(a) Includes Other Territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.
Source: Australian Demographic Statistics (cat. no. 3101.0).

In 2007-08, the South Australian Statistical Division (SD) with the largest percentage increase in ERP was Outer Adelaide (2.0%) followed by Adelaide (1.1%).

ESTIMATED RESIDENT POPULATION(a)**, By Statistical Division, South Australia**

	2007		2008	
	Population at 30 June	Change over previous year	Population at 30 June	Change over previous year

	'000	%	'000	%
Adelaide	1 159.1	1.2	1 172.1	1.1
Outer Adelaide	131.4	2.1	134.1	2.0
Yorke and Lower North	45.9	1.0	46.4	1.0
Murray Lands	69.8	0.5	70.1	0.4
South East	64.9	0.6	65.4	0.8
Eyre	35.0	0.5	35.2	0.5
Northern	79.6	0.7	80.1	0.6
South Australia	**1 585.8**	**1.1**	**1 603.4**	**1.1**

(a) Estimates for 2007 are revised to align with new 2007 state and territory totals and estimates for 2008 are preliminary.
Source: Regional Population Growth, Australia 2007-08 (cat. no. 3218.0).

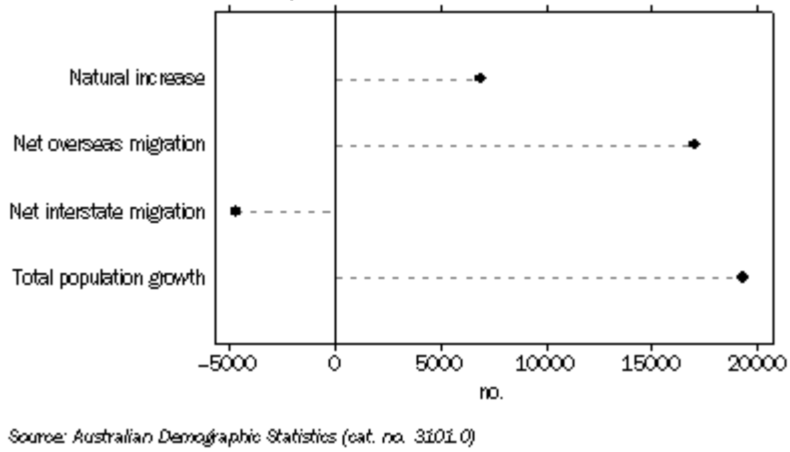
Map of South Australia's Statistical Divisions(PDF 2.44MB)

COMPONENTS OF POPULATION CHANGE

For the year ended 30 June 2009, South Australia recorded a natural increase (i.e. the net of births and deaths) of 6,954 persons. Net overseas migration provided a gain of 17,073 persons in the same period while net interstate migration realised a loss of 4,676 persons.

For the year ended 30 June 2009, Australia recorded a natural increase in population of 157,792 persons; net overseas migration resulted in a gain of 285,347 people.

POPULATION GROWTH, South Australia - Year ended June 2009



Labour Force

LABOUR FORCE

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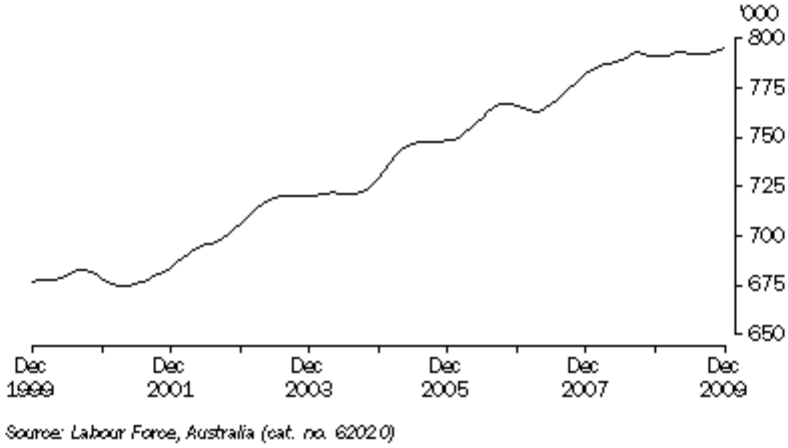
EMPLOYED PERSONS

In trend terms, the total number of persons employed in South Australia has shown little change throughout most of 2009. A series of small consecutive increases over the last four months has seen the December estimate reach 794,800 which is 0.5% higher than the estimate for January 2009. The total number of persons employed in Australia in December 2009 was 10,884,300, an increase of 22,300 on the number employed in November 2009 (10,862,000).

EMPLOYED PERSONS, Trend, South Australia

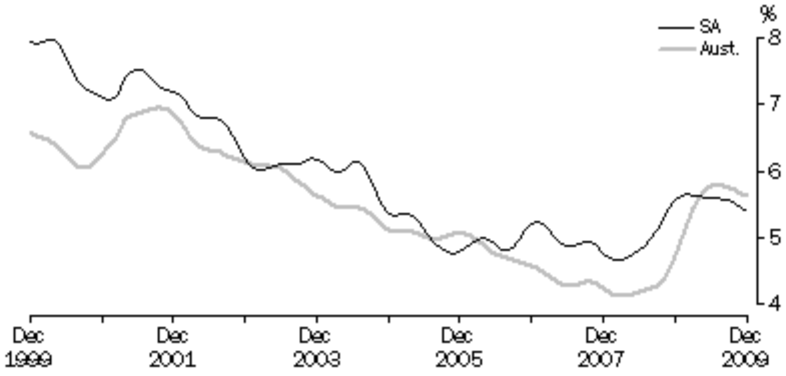


The number of males employed full-time in South Australia in December 2009 was 349,400 (in trend terms), a 0.5% increase from the previous month (347,500). Looking at the composition of all male employees, those working full-time accounted for 81.0% of the male workforce, down from 84.5% in December 2008. After peaking at 185,600 in May 2009, the number of females employed full-time in South Australia has fallen to 179,200 in December 2009. Full-time female employees accounted for 49.3% of the female workforce in December 2009, down from 49.5% in December of the previous year.

UNEMPLOYMENT

The trend estimate unemployment rates for both South Australia and Australia fell marginally in December 2009 to 5.4% and 5.6% respectively. South Australia's rate has been lower than the national rate since May 2009.

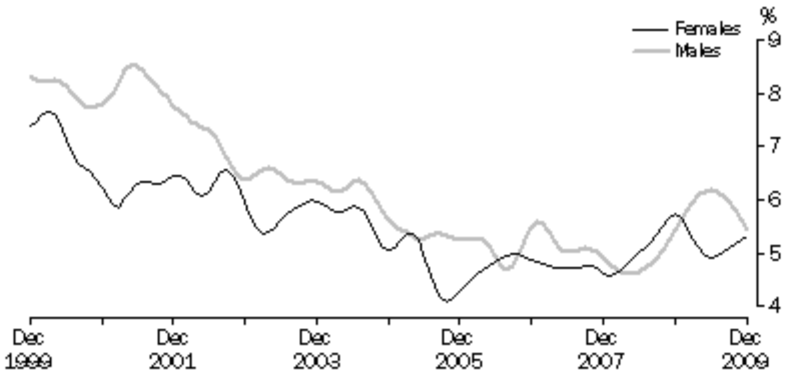
UNEMPLOYMENT RATE, Trend



(a) Series break at April 2001
Source: *Labour Force, Australia (cat. no. 6202.0)*

The trend unemployment rates for males in South Australia and Australia fell in December 2009 to be 5.5% and 5.7% respectively. Following a period of sharp decline in the first half of 2009 where the estimate fell from 5.7% to 4.9%, the trend unemployment rate for South Australian females has been increasing with an estimate of 5.3% recorded in December 2009. The national unemployment rate for females (in trend terms) rose during the first half of 2009 but has been flat in the second half of the year and was 5.5% in December 2009.

UNEMPLOYMENT RATE, Trend, South Australia

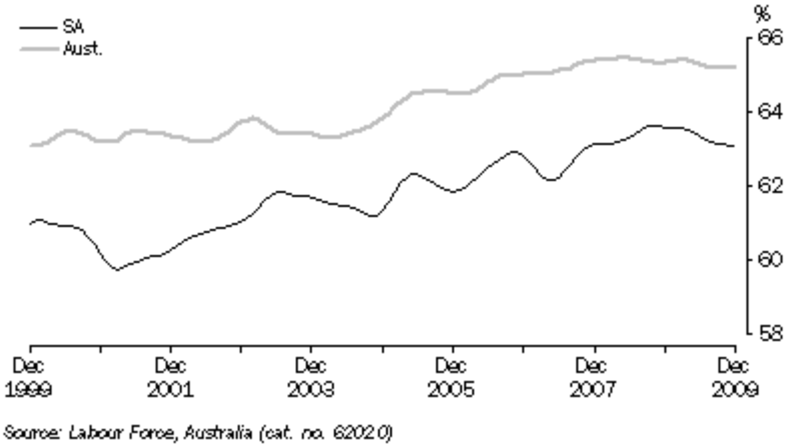


(a) Series break at April 2001
Source: *Labour Force, Australia (cat. no. 6202.0)*

PARTICIPATION RATE

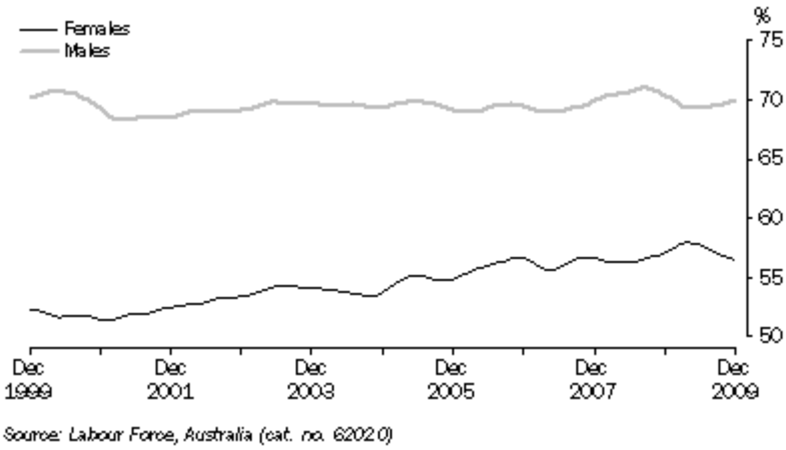
Following six months of decline from March 2009, the trend estimate of the participation rate for South Australia has stabilised and was 63.1% in December 2009. Australia's trend participation rate has also steadied and remained at 65.2% in December 2009.

PARTICIPATION RATE, Trend



In South Australia, the participation rate for males rose for the sixth consecutive month to be 69.9% in December 2009. After holding steady for 5 months, the Australian participation rate for males rose slightly to 72.2%. In contrast to the movement in the male series, the participation rate for South Australian females has fallen for the seventh consecutive month. From a peak of 57.9% in April and May 2009, the estimate has fallen to 56.5% in December. The Australian female participation rate remained steady at 58.5% in December 2009.

PARTICIPATION RATE, Trend, South Australia



Incomes

 **INCOMES**

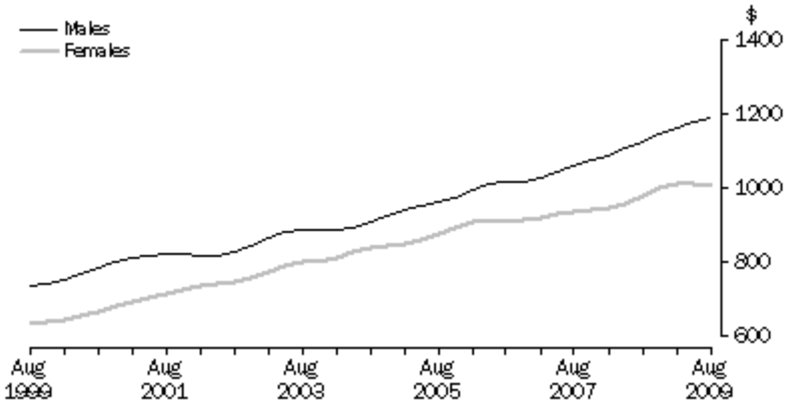
AVERAGE WEEKLY EARNINGS

The trend estimate of average weekly (ordinary time) earnings for full-time adult persons in South Australia increased by 5.1% to $1,126.10 in the 12 months to August 2009. Nationally, the trend estimate of average weekly (ordinary time) earnings increased 5.4% (up to $1,201.50).

In the 12 months to August 2009, average weekly full-time earnings in South Australia for

males increased by 5.8% to $1,192.30. Nationally, male average weekly full-time earnings increased 5.9% to $1,284.10. Female average weekly full-time earnings in South Australia increased by 2.9% to $1,010.10 in the 12 months to August 2009, much lower than the national increase of 4.5% to $1,063.40.

FULL-TIME ORDINARY EARNINGS, South Australia**:** Trend



Source: Average Weekly Earnings, Australia (cat. no. 6302.0)

For information on the wage price index, please refer to the ' Price Indexes' topic.

State Accounts

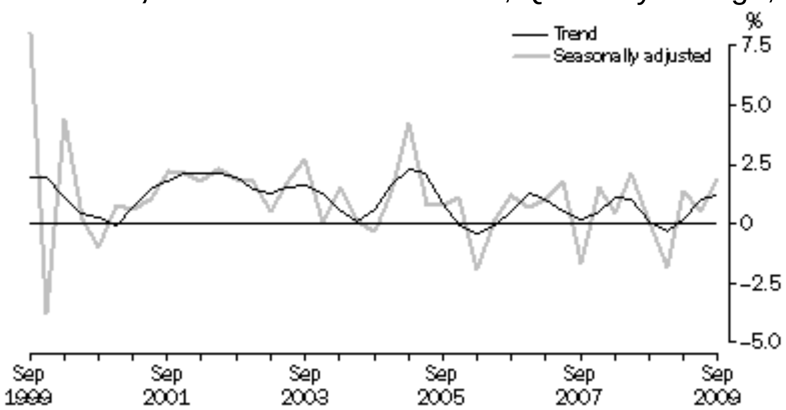
 **STATE ACCOUNTS**

STATE ACCOUNTS

South Australia's September quarter 2009 State Final Demand in chain volume (trend) terms was $20,453m; an increase of 1.2% from the June quarter 2009. Australia's Domestic Final Demand grew 0.4% to $308,258m over this period.

The only states and territories recording decreases for the quarter were the Northern Territory (down 2.9%), Queensland (down 0.5%) and Tasmania (down 0.4%).

STATE FINAL DEMAND, Chain volume measures, Quarterly change, South Australia

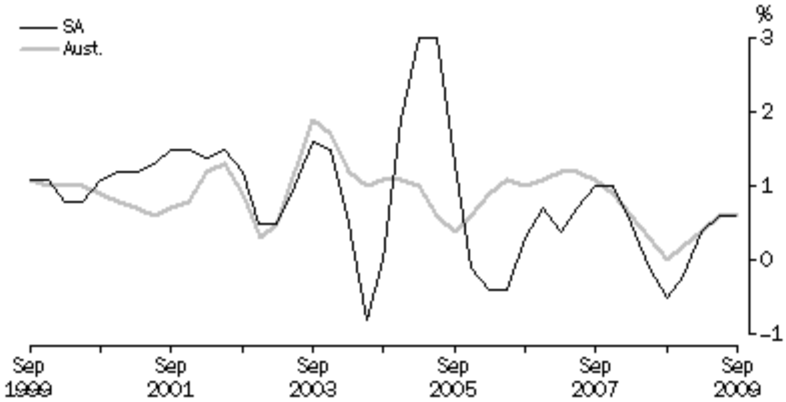


Source: Australian National Accounts: National Income, Expenditure and Product (cat. no. 5206.0)

HOUSEHOLD FINAL CONSUMPTION EXPENDITURE (HFCE)

In chain volume (trend) terms, South Australia's September quarter 2009 HFCE was $11,824m (7.0% of the national total of $168,082m). The value of HFCE for both South Australia and Australia increased by 0.6% between the June and September quarters 2009.

HFCE, Chain volume measures, Trend, Quarterly change

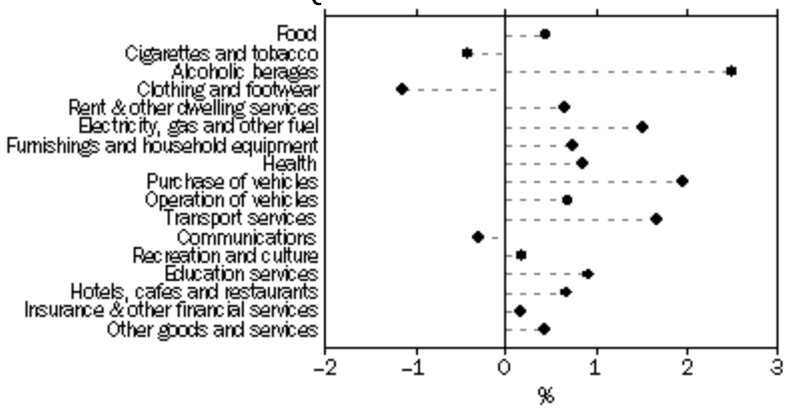


Source: Australian National Accounts: National Income, Expenditure and Product (cat. no. 5206.0)

The main contributors to growth in HFCE in South Australia for the September quarter 2009 were Alcoholic beverages (up 2.5% from the June quarter 2009), Purchase of vehicles (up 1.9%), and Transport services (up 1.7%). Expenditure decreased on Clothing and footwear (down 1.1%), Cigarettes and tobacco (down 0.4%) and Communications (down 0.3%).

At the national level, expenditure increases were reported for almost all categories. The largest increases were for Food (up 1.1% from the June quarter 2009), Alcoholic beverages, Health and Purchase of vehicles (all up 1.0%). Similar to movements in South Australia for the September quarter 2009, the only categories recording a decrease in expenditure were Clothing and footwear (down 0.4%), Cigarettes and tobacco (down 0.3%) and Communications (down 0.2%).

HFCE, Chain volume measures, Trend, Quarterly change **-** South Australia - September Quarter 2009



Source: Australian National Accounts: National Income, Expenditure and Product (cat. no. 5206.0)

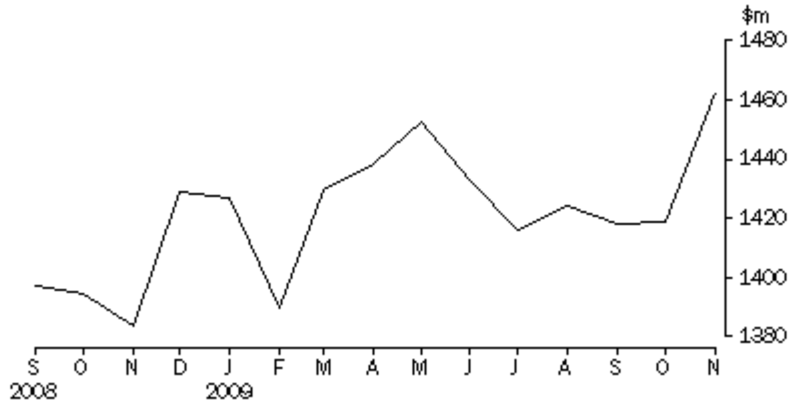
Consumption

CONSUMPTION

RETAIL TRADE

In seasonally adjusted terms, South Australia recorded the strongest retail growth in the nation in November 2009, rising 3.1% to $1,462.6m. Nationally, retail turnover rose 1.4% to $20,081.8m in November 2009. South Australia's contribution to total retail turnover in Australia was 7.3%.

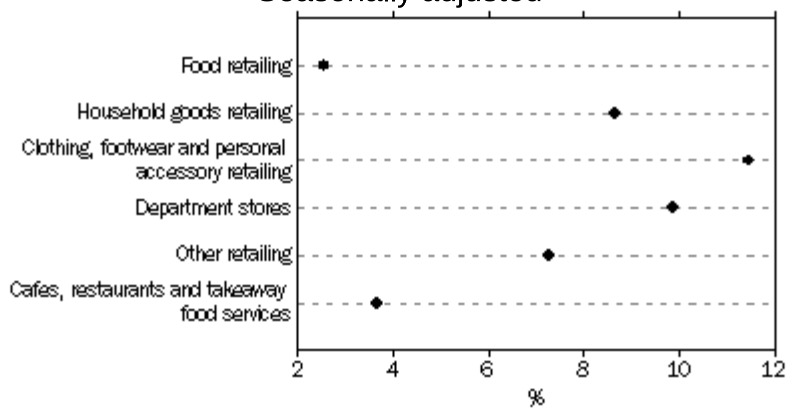
RETAIL TURNOVER, Seasonally adjusted, South Australia



Source: Retail Trade, Australia (cat. no. 8501.0)

Comparing November 2009 with November 2008, increases in retail turnover (in seasonally adjusted terms) were recorded across all industry groups in South Australia. The industry groups with the largest percentage increases were Clothing, footwear and personal accessory retailing which rose 11.4% to $91.4m; Department stores which rose 9.9% to $132.1m; and Household goods retailing which rose 8.7% to $290.2m.

RETAIL TURNOVER, South Australia **-** Change from November 2008 to November 2009**:** Seasonally adjusted



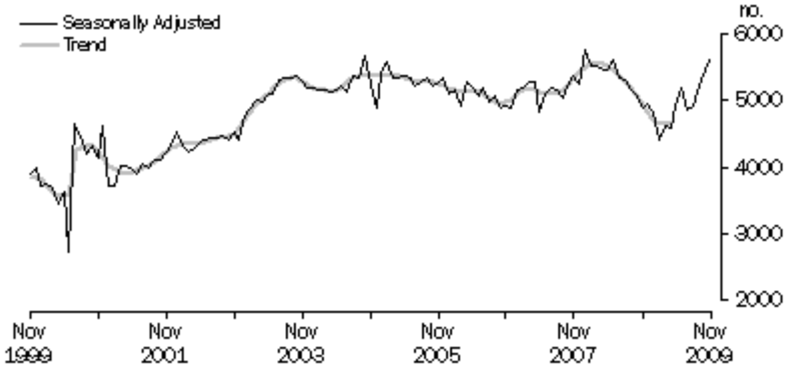
Source: Retail Trade, Australia (cat. no. 8501.0)

NEW MOTOR VEHICLE SALES

In November 2009, 3,201 new passenger vehicles and 5,638 new vehicles in total (in seasonally adjusted terms) were sold in South Australia.

In Australia, 47,574 new passenger vehicles and 85,943 new vehicles in total (in seasonally adjusted terms) were sold in November 2009.

NEW MOTOR VEHICLE SALES, South Australia



(a) Trend series temporarily suspended from May 2009. See note below.
Source: Sales of New Motor Vehicles, Australia (cat. no. 9314.0)

Note: Suspension of Trend Estimates

Following the Federal Government Budget in May 2009, the eligibility period for the Small Business and General Business Tax Break was extended to December 2009. The rebate level was also increased for small businesses, allowing eligible businesses to claim an increased tax deduction on the purchase of new motor vehicles.

The trend series attempts to measure the underlying behaviour in new motor vehicle sales. In the short term, this measurement may be significantly affected by unusual influences in the original and seasonally adjusted data, like those observed in May and June 2009. If the trend estimates in the publication were to be calculated without fully accounting for this irregular event, they would be likely to provide a misleading view of the underlying trend in new motor vehicle sales activity.

The new motor vehicle sales trend series has therefore been suspended from May 2009. The trend series will be reintroduced when more certainty emerges in the underlying behaviour of new car sales.

Investment

 **INVESTMENT**

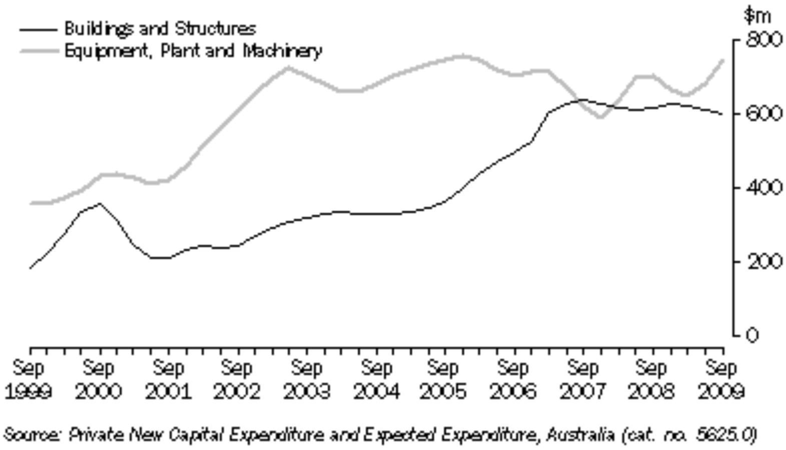
PRIVATE NEW CAPITAL EXPENDITURE

Between the June and September quarters of 2009, the South Australian chain volume (trend) estimate of private new capital expenditure rose by 4.4% to $1,352m. Expenditure on Equipment, plant and machinery rose $65m (9.6%) to $750m, while expenditure on

Buildings and structures fell $8m (1.3%) to $602m.

Over the same period, private new capital expenditure for Australia fell $526m (1.9%) to $26,717m. Expenditure on Equipment, plant and machinery and Buildings and structures fell 1.1% and 2.6% respectively.

PRIVATE NEW CAPITAL EXPENDITURE, South Australia **-** Chain volume measures**:** Trend



Note: Use of new classification

Commencing with the release of data for September quarter 2009, the frame information and sample design for the Survey of Private New Capital Expenditure have been improved by incorporation of the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC), (cat. no. 1292.0), replacing the 1993 ANZSIC, the inclusion of non-employing businesses which contribute significantly to economic activity and integration of updated size variable information for each business on the frame.

These changes have resulted in statistical impacts on our previously published historic data series. This publication and other Survey of Private New Capital Expenditure outputs released on or after November 26, 2009, feature revised historic series which align past published estimates to the estimates including statistical changes introduced from this quarter. An information paper (cat. no. 5625.0.55.001) describing these changes in more detail is available at www.abs.gov.au.

MINERAL AND PETROLEUM EXPLORATION EXPENDITURE

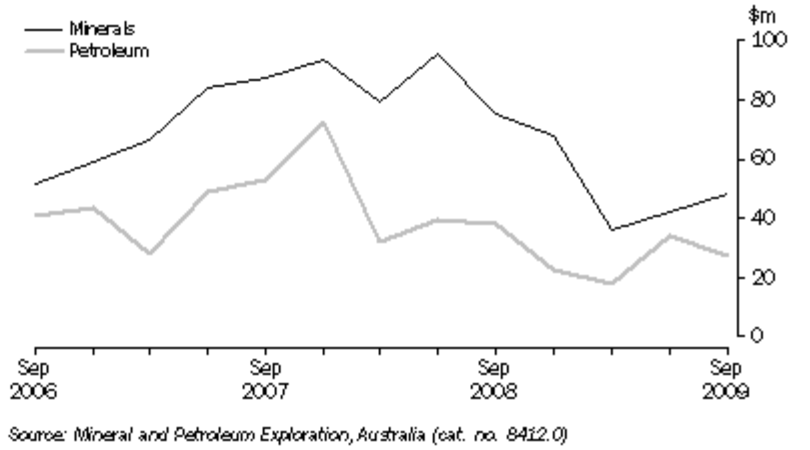
The value of South Australian mineral exploration expenditure (in original terms) was $48.2m in the September quarter 2009; an increase of 15.4% over the previous quarter but still 49.4% below the peak recorded in the June quarter 2008 ($95.2m). Australian expenditure on mineral exploration was $557.4m in the September quarter 2009; an increase of 15.3% from the June quarter estimate ($483.5m).

Exploration expenditure on Uranium ($25.2m) accounted for more than half (52.3%) of all South Australian mineral exploration expenditure in the September quarter 2009. A further $8.5m and $8.3m were spent on exploration for Copper and Gold, respectively.

Expenditure on petroleum exploration in South Australia in the September quarter 2009 was $27.1m, down 20.6% from the previous quarter. Nationally, expenditure on petroleum exploration also declined markedly (21.6%) falling from $1,017.4m to $797.7m over the

same period.

MINERAL AND PETROLEUM EXPLORATION EXPENDITURE, Original, South Australia



Construction

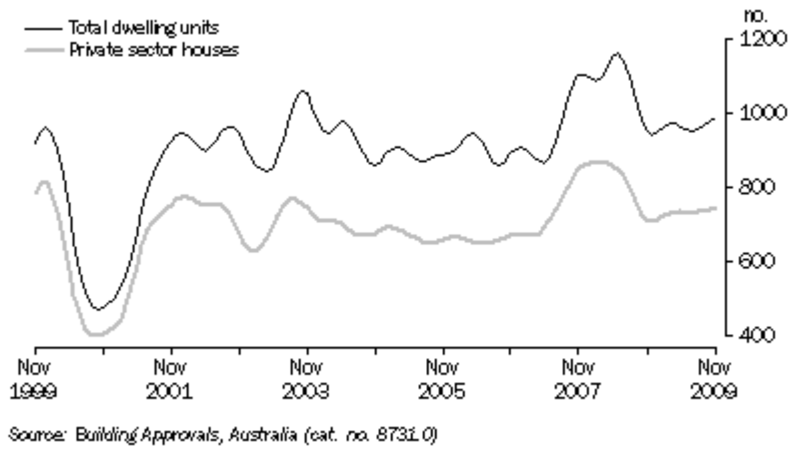
CONSTRUCTION

BUILDING APPROVALS

In November 2009, there were 992 dwelling units approved in South Australia (in trend terms). Nationally, the total number of dwelling units approved (in trend terms) rose 2.7% to 13,555 continuing the upward movement that began in February 2009.

The trend estimate for the number of private sector houses approved in South Australia in November 2009 rose slightly to 742.

DWELLING UNITS APPROVED, Trend, South Australia



In the year ended November 2009, the number of dwelling units approved in South Australia fell 12.4%. Decreases occurred across all statistical divisions with the Northern Statistical Division recording the largest decrease (31.0%).

DWELLING UNITS APPROVED, by Statistical Division, Original, South Australia

	Year ended November 2008		Year ended November 2009	
	Dwelling units	Change over previous year	Dwelling units	Change over previous year
	no.	%	no.	%
Adelaide	9 003	12.0	8 160	-9.4
Outer Adelaide	1 750	13.2	1 508	-13.8
Yorke and Lower North	602	14.4	474	-21.3
Murray Lands	514	-23.1	426	-17.1
South East	530	40.2	413	-22.1
Eyre	328	29.6	257	-21.6
Northern	510	8.3	352	-31.0
South Australia	**13 237**	**11.4**	**11 590**	**-12.4**

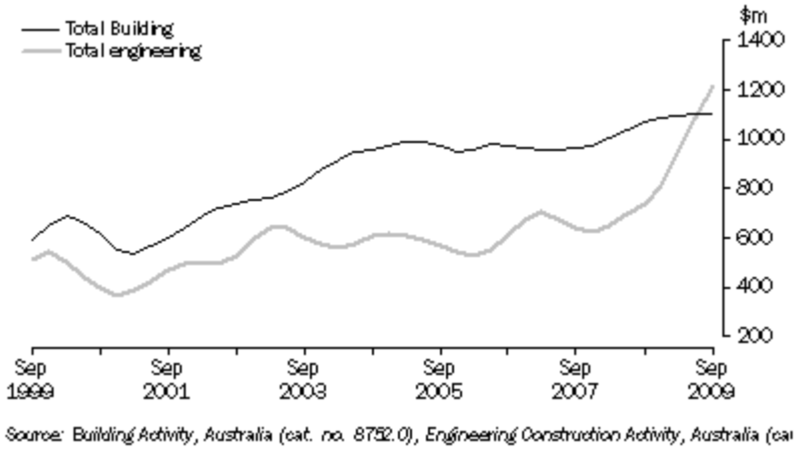
Source: Building Approvals, Australia - data available on request

Map of South Australia's Statistical Divisions (PDF 2.44MB)

CONSTRUCTION WORK DONE

In the September quarter 2009, the total value of building work done (in trend terms) in South Australia remained steady at $1,101.7m. The trend estimate for the value of engineering work done in the September quarter 2009 was $1,217.5m, an increase of 11.9% from the June quarter ($1,087.6m). This is the seventh consecutive increase in this series with the September quarter estimate 93.3% higher than the value recorded in the December quarter 2007.

VALUE OF CONSTRUCTION WORK DONE, Chain volume measures **-** SA**:** Trend



Price Indexes

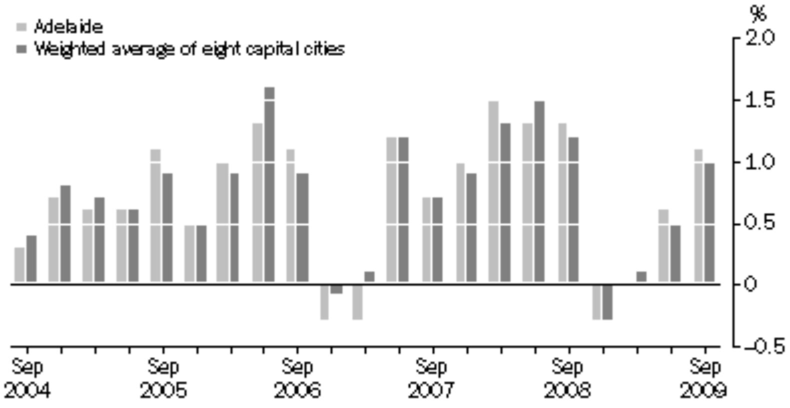
PRICE INDEXES

CONTENTS

CONSUMER PRICE INDEX

During the September quarter 2009 the all groups consumer price index (CPI) for Adelaide and for the weighted average of the eight capital cities rose by 1.1% and 1.0% respectively.

CONSUMER PRICE INDEX - ALL GROUPS, Quarterly change

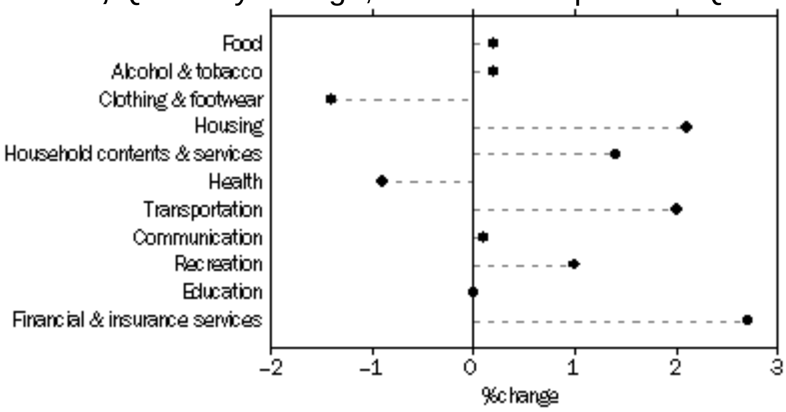


Source: Consumer Price Index, Australia (cat. no. 6401.0)

Adelaide's CPI increased by 1.4% in the year ending September quarter 2009, compared with a 1.3% rise for the weighted average of the eight capital cities.

Adelaide's largest percentage increases in prices from the previous quarter were in the areas of Finance and insurance services (2.7%), Housing (2.1%) and Transportation (2.0%). The only decreases in prices from the previous quarter were for Clothing and footwear (-1.4%) and Health (-0.9%).

CPI GROUPS, Quarterly change, Adelaide **-** September Quarter 2009

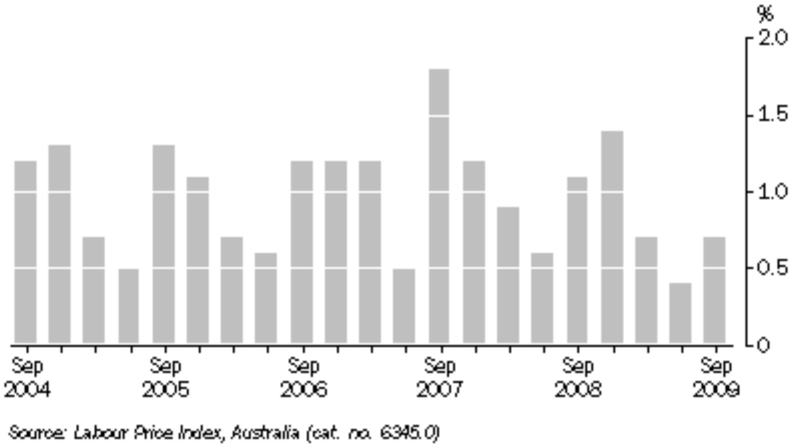


Source: Consumer Price Index, Australia (cat. no. 6401.0)

WAGE PRICE INDEX

The wage price index for all employee jobs in South Australia increased by 0.7% (in original terms) between the June and September quarters 2009. This was less than the national increase of 0.9% over the same period.

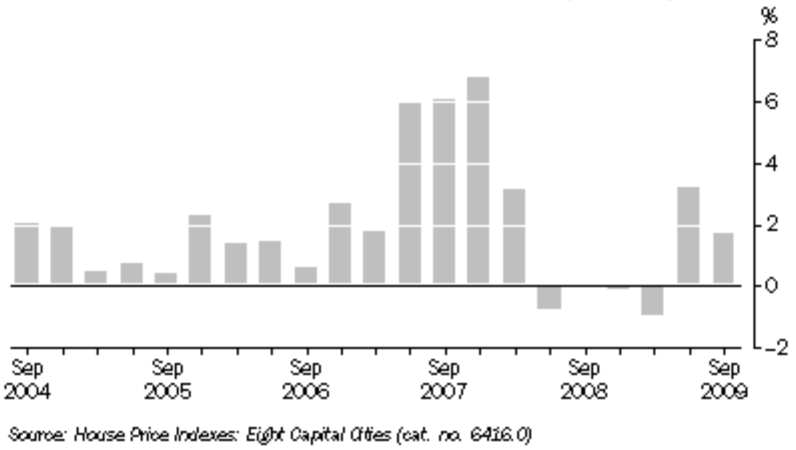
WAGE PRICE INDEX QUARTERLY CHANGES, Total hourly rates of pay excluding bonuses **-** Original**:** South Australia



HOUSE PRICE INDEX

Preliminary estimates show that, for the second consecutive quarter, the price index for established houses for Adelaide (in original terms) has increased with the result for the September quarter 2009 1.7% higher than the previous quarter. Price rises were also recorded in all other capital cities between the June and September quarters 2009 resulting in an increase in the price index for the weighted average of the eight capital cities of 4.2% over this period. Adelaide (1.7%) and Hobart (1.8%) were the capitals with the smallest increases whilst Melbourne (4.7%) recorded the largest increase.

ESTABLISHED HOUSE PRICES, Quarterly change, Adelaide



Over the year to the September quarter 2009, preliminary estimates show the price index for established houses for Adelaide rose 3.7%, while the weighted average of the eight capital cities increased 6.2%. Darwin (12.3%) and Melbourne (8.4%) recorded the largest increases whilst Adelaide's increase of 3.7% was the lowest of all the capital cities.

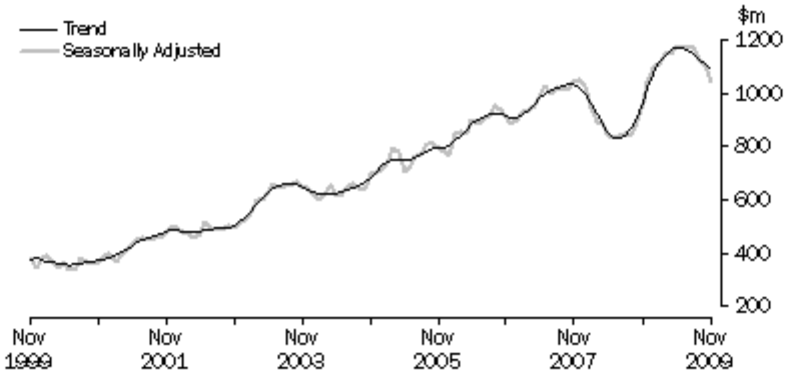
Housing Finance

HOUSING FINANCE

HOUSING FINANCE COMMITMENTS

The trend estimate of the total value of housing finance commitments (owner occupation) in South Australia in November 2009 was $1,086m, a decrease of 2.0% from October 2009 ($1,109m) and the fifth consecutive decrease since the peak of $1,173m recorded in June 2009. Despite these recent decreases, the November 2009 estimate is still 12.6% higher than the estimate for November 2008 ($965m). Nationally the value of housing finance commitments for owner occupation was $16,842m in November 2009; 1.1% lower than the peak recorded in July 2009 ($17,032m).

HOUSING FINANCE COMMITMENTS (OWNER OCCUPATION) (a), South Australia



(a) Excludes alterations and additions. Includes refinancing.
Source: Housing Finance, Australia (cat. no. 5609.0)

In November 2009, the average home loan size for owner occupied dwellings in South Australia was $214,000; substantially lower than the average home loan size for Australia ($279,900).

In November 2009, the average loan commitment for first home buyers in South Australia was $231,800, which was 10.3% higher than the average loan size for non-first home buyers ($210,200). The average loan commitment of first home buyers is now 13.6% below the peak of March 2009 ($268,300).

HOUSING FINANCE COMMITMENTS (OWNER OCCUPATION) (a), Average loan size, Original, South Australia

(a) Excludes alterations and additions. Includes refinancing.
Source: *Housing Finance, Australia (cat. no. 5609.0)*

For information on the house price index, please refer to the ' Price Indexes' topic.

International Merchandise Trade

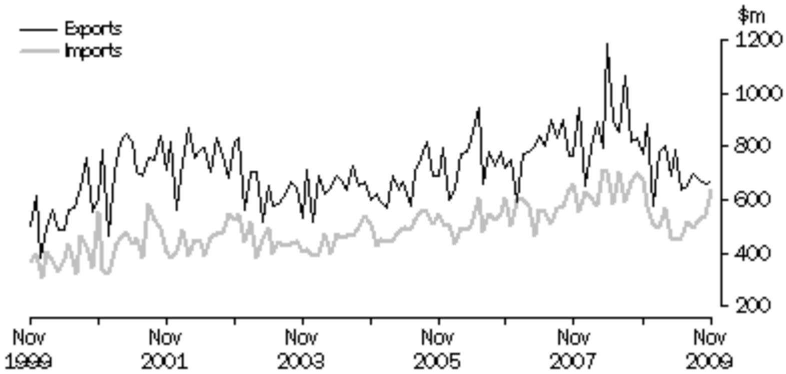
INTERNATIONAL MERCHANDISE TRADE

EXPORTS AND IMPORTS

On a recorded trade basis, the value of South Australia's exports in November 2009 was $665m; an increase of 1.3% over October 2009 ($656m) and 14.1% lower than the value recorded in November 2008 ($774m). The value of Australian merchandise exports for November 2009 was $14,581m; 33.3% lower than the corresponding month of the previous year ($21,870m).

The value of South Australian merchandise imports rose 18.0% to $638m in November 2009. This is the highest value of imports recorded in the 12 months since November 2008 ($674m). The value of Australian merchandise imports for November 2009 was $17,535m; a 2.3% decrease over the previous month and 16.0% lower than the value recorded in November of the previous year ($20,887m).

VALUE OF INTERNATIONAL MERCHANDISE EXPORTS AND IMPORTS (a), on a recorded trade basis, South Australia



(a) Exports where the final stage of production or manufacture occurs in South Australia.
Source: *International Trade in Goods and Services, Australia (cat. no. 5368.0)*

Water

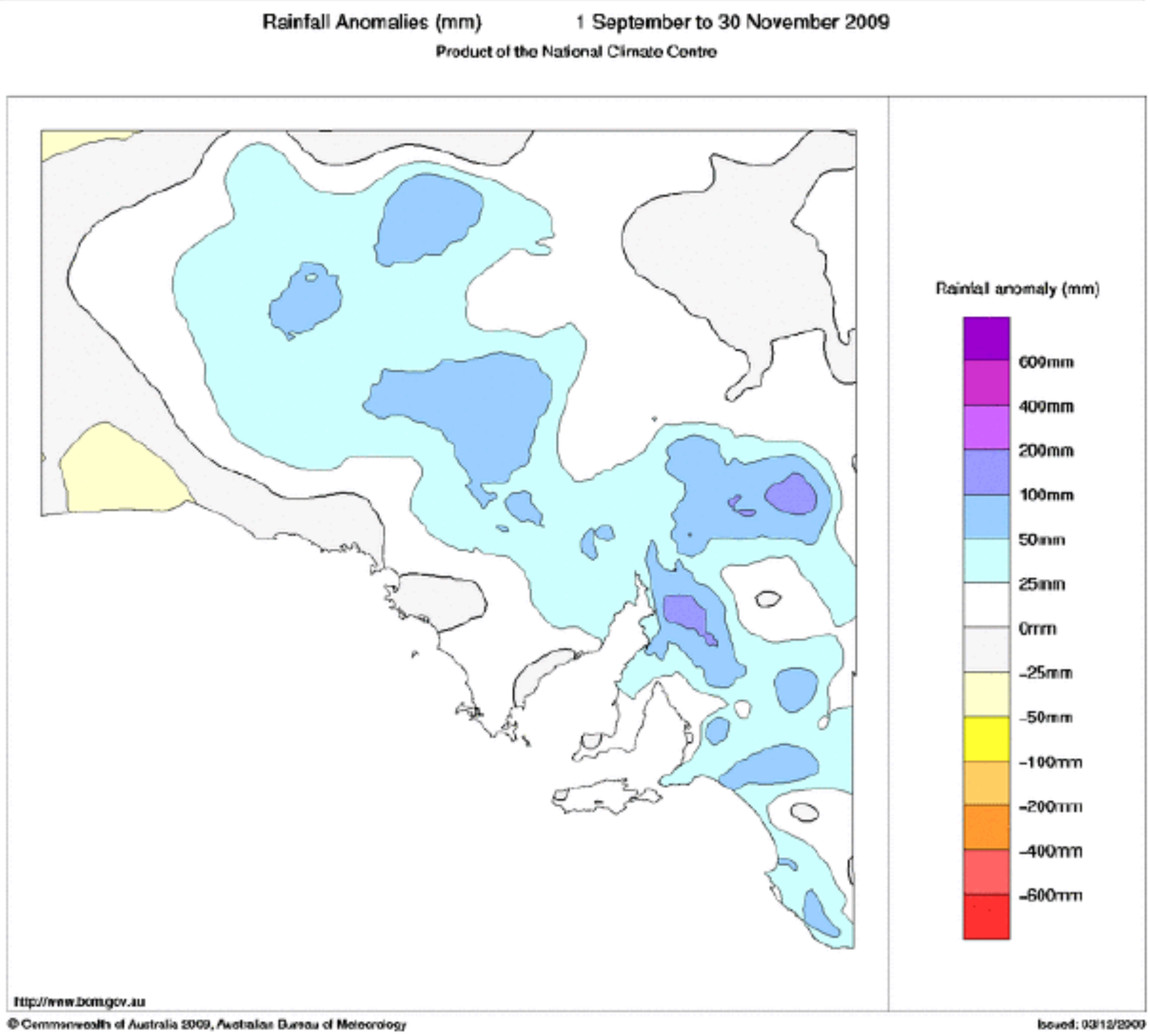
WATER

RAINFALL

According to the Bureau of Meteorology's Seasonal Climate Summary for South Australia, Spring 2009 was the wettest spring since 2005. When averaged across the South Australian agricultural areas as a whole, Spring 2009 has been the 25th driest since 1900.

Spring rainfall totals over South Australia were generally near average in the agricultural areas, tending above average across the pastoral areas. This was made up of generally above average rainfall in September, below average in October and generally well above average November rainfall after a dry first three weeks of the month.

Rainfall totals in the pastoral areas were very variable but generally ranging from 50 to 100mm. Erudina in the North East Pastoral district recorded 154.6mm as the highest reading in the pastoral districts. This was also the highest total spring rainfall recorded at this location since 1920. Totals in the agricultural areas were generally between 100 to 200mm, with totals widely exceeding 200mm about the Mount Lofty and Flinders Ranges, and several locations exceeding 300mm. Many of the western agricultural districts experienced totals in the 50 to 100mm range. Piccadilly in the Adelaide Hills recorded the highest rainfall total in the state this spring with 317.6mm.

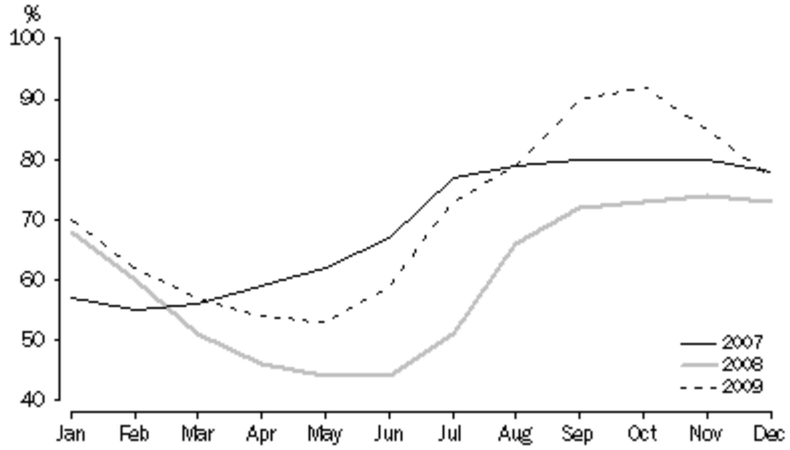


Source: 3-monthly rainfall anomalies for South Australia, Australian Bureau of Meteorology

RESERVOIR LEVELS

The total water storage in Adelaide's reservoirs at the end of December 2009 was 77% of capacity, compared to 73% at the same time in 2008. According to SA Water, in 2009 Adelaide consumed 137.4 gigalitres (GL) of water. Although this is slightly higher than consumption for 2008, water consumption continues to be below the target for enhanced level three water restrictions. Over the course of 2009 approximately 125GL of rainfall entered Adelaide's reservoirs, with 50GL of this received via good spring rainfalls. As a result only 36GL of water was pumped from the River Murray to supplement supply in 2009, compared with 97GL pumped in 2008.

TOTAL RESERVOIR STORAGE, As a percentage of capacity, Adelaide



Source: SA Water daily reservoir levels

About this Release

SA Stats provides an overview of the South Australian population and economy. The publication is updated on a monthly basis, with most releases also featuring an article that provides a South Australian focus on economic, social and environmental issues.

Explanatory Notes are not included in SA Stats in the form found in other Australian Bureau of Statistics (ABS) publications. Readers are directed to the Explanatory Notes contained in related ABS publications.

Houses in South Australia (Feature Article)

FEATURE ARTICLE: HOUSES IN SOUTH AUSTRALIA

THE COST OF BUILDING A DREAM

Introduction

Home ownership remains part of the great Australian dream but rising property prices are perceived as one of the main components making that dream harder to realise. Many Australians view building their own home as a way of controlling not only what their dream home looks like but also the costs of attaining that dream. How much does it cost to build a house in Adelaide? Using data available in the ABS publications House Price Indexes: Eight Capital Cities (cat. no. 6416.0) and Building Activity Australia (cat. no. 8752.0) changes in the cost of building a house in Adelaide can be assessed from two differing perspectives.

Focusing firstly on the Housing Price Index for Adelaide, this article will show that, according to this measure, the price of building a new house has increased by almost 80% over the period 1993-94 to 2008-09 (using 1993-94 as the base year). The second measure assessed is the average completion value of a new house as determined by data collected through the Building Activity survey. Under this measure the average cost of building a

house in the Adelaide Statistical Division has increased by almost 166% over the same period. Data for both measures is also compared to changes at the national level over the analysis period.

With fundamental underlying differences between the measures, different results were expected. Following a brief discussion of the reasons for these differences a study of the average size of new dwellings is undertaken to determine whether or not the larger movements in the average value a new house is being driven by a propensity to build larger homes.

House Price Index (HPI)

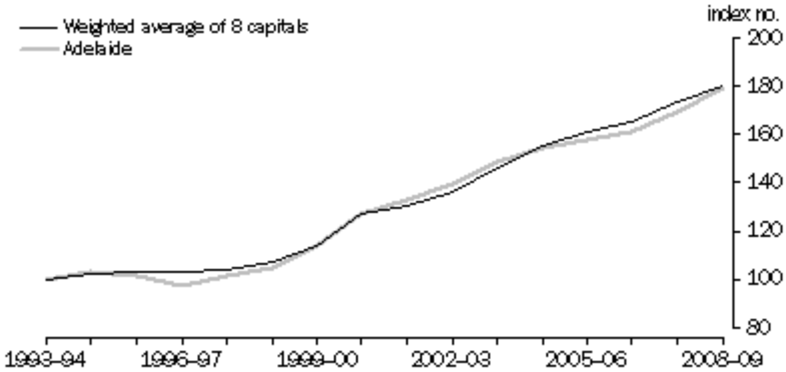
A price index is concerned with measuring pure price change. It seeks to eliminate that element of price change which is the result of a change in either the quantity or quality of the goods or services being measured. The ABS compiles a House Price Index (HPI) for established houses; however it is not appropriate to use in this article as it refers to new houses sold as a house/land package as well as second-hand houses (plus land) and this analysis seeks to exclude land.

More appropriate for this purpose is the HPI for project homes. Project homes are dwellings available, in a fixed range of designs, for construction on an existing block of land and thus movements in price relate only to the cost of constructing the dwelling (excluding land). With only a fixed range of designs on offer the quality of the homes remains consistent between periods. For the remainder of this article use of the term HPI will refer to the HPI for project homes unless otherwise specified.

After rebasing the series to a base year of 1993-94, the graph below depicts the movement in the HPI since that time for both Adelaide and Australia (as represented by the weighted average of the eight capital cities). It should be noted that the index measures price movements over time in each city and makes no attempt to measure the difference in price levels between cities.

For most of the period between 1993-94 and 2008-09 movements in the HPI for Adelaide closely mirrored those at the national level. By 2008-09 the HPI had increased 79.3% for Adelaide and 80.1% at the national level. The greatest increase occurred in the period immediately following the introduction of the GST (i.e. between 1999-00 and 2000-01) when the index for Adelaide rose by 13.2 points and the 13.4 points for Australia. In the post GST era the value of the index for Australia has, on average, been increasing at a slightly faster rate per year than the index for Adelaide (7.4 index points per year as compared to 7.2 index points).

HOUSE PRICE INDEX (a)



(a) Base year: 1993-94=100.0

Source: House Price Indexes: Eight Capital Cities (cat. no. 6416.0)

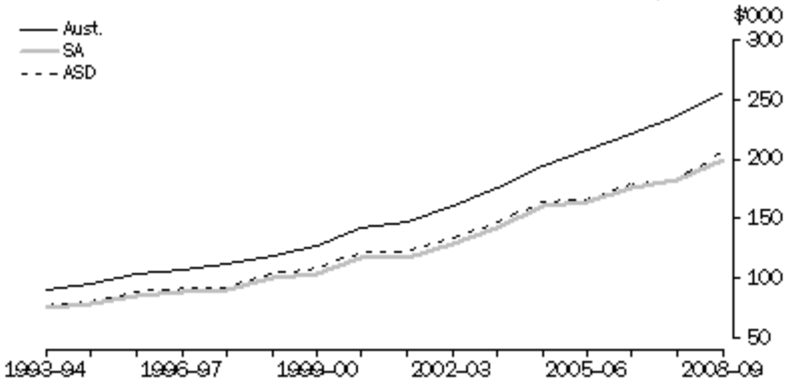
Average values of completed housing

Whilst building a project home appeals to some, others find the limited range of designs too restrictive and prefer to have more input; they want the option of adding rooms, moving walls, upgrading the quality of materials used etc. Every change affects the final cost of the house and in addition makes each house unique.

An average value for constructing a new house can be obtained from the Building Activity Survey by dividing the total completion value of houses for a particular period by the number of houses completed in the same period. The resultant value is based on the market or contract prices of jobs including site preparation costs but excluding the value of land and landscaping. In addition to average values for South Australia and Australia, an average has also been calculated for the Adelaide Statistical Division (ASD) which will facilitate the comparison of this measure with the HPI results in a later section of the article.

From the graph below it can be seen that over the period 1993-94 to 2008-09, the average annual values of completed houses for the Adelaide Statistical Division (ASD) and South Australia were very similar although both were consistently lower than the national average. In 1993-94, the average value of a new house in the ASD ($77,671) was slightly greater than the South Australian average ($75,780), but 14.3% below the national average ($90,600). By 2008-09, the average value of a new house in the ASD had increased by 165.7% to $206,346 but remained 19.8% lower than the national average of $257,268 for that year. As was the case with the HPI, changes in the annual average value of a completed house occurred at a faster rate in the post GST era.

NEW HOUSE COMPLETIONS, Annual average values

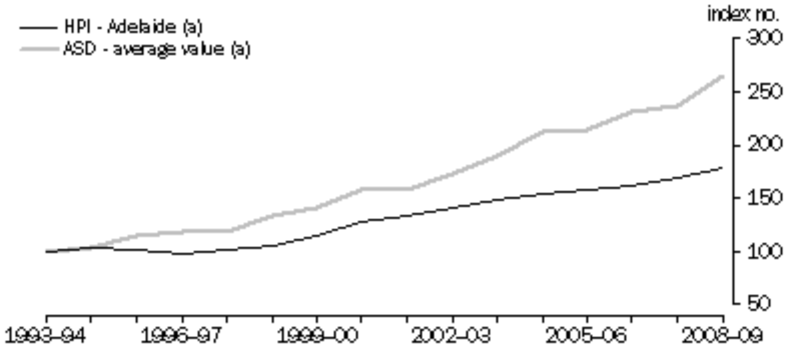


Source: Building Activity, Australia (cat.no. 8752.0), and data available on request

Comparison of the two measures.

By indexing the average values of completed houses to the 1993-94 value it is possible to compare movements in both series simultaneously. As depicted in the graph below, the rate of growth in the HPI for Adelaide over the analysis period was substantially lower than the rate of growth in the index for the average value of a completed house. This is particularly evident between 2001-02 and 2008-09 where the HPI increased by 46.2 index points whilst the index of average values increased by 107.7 index points.

MOVEMENTS IN HPI AND AVERAGE VALUE OF COMPLETED HOUSES



(a) Base year: 1993-94=100.0

Source: Building Activity, Australia (cat. no. 8752.0) and data available on request, House Price Indexes: Eight Capital Cities (cat. no. 6416.0)

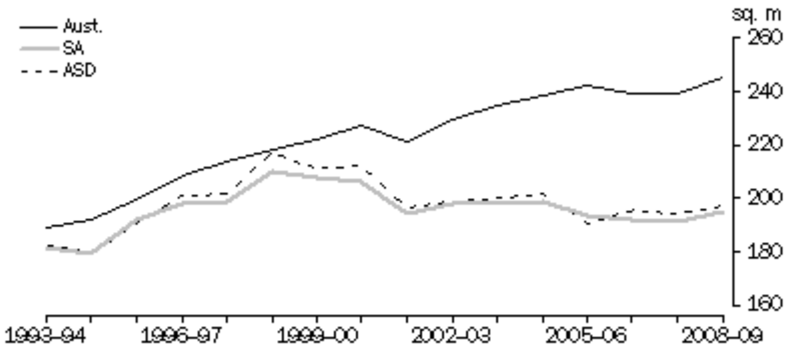
Given the underlying differences in these measures it is no surprise to find that the movements in price for each are markedly different. Whilst the HPI for project homes is a constant quality measure of changes in the price of a particular type of new house with virtually identical characteristics over consecutive periods, the average value of a completed house is determined from the aggregated values of all houses completed in a period regardless of type or physical characteristics. Thus the completed houses group would comprise a wider range of houses and changes in the average price of a completed house would reflect not only pure price change but also price changes over time due to changes in the physical characteristics and composition of dwellings constructed. Some examples of these characteristics include materials used in outer-wall construction, overall size, number of rooms, number of bathrooms, additional fittings etc.

Average size of completed houses

One particular physical characteristic that varies greatly across new houses is their size and there is a school of thought that suggests increases in the average value of a completed house could be due to the growth in house sizes over time. The impact of house size on price can be assessed through a study of the average floor area of new houses.

Over the period 1993-94 to 2008-09, the average size of a new house in Australia increased from 188.7m2 to 245.3m2. For the first 6 years of the analysis period the average size of a new house in the ASD also increased (from 182.3m2 in 1993-94 to 217.0m2 in 1998-99) and was never more than 15m2 below the national average. Over the ensuing decade, however, the average size of a new house in the ASD has gone against the national trend and fallen by 9.2% to be 197.0m2 in 2008-09. This is 48.3m2 below the national average for that year.

NEW HOUSE COMPLETIONS, Average floor area



(a) Houses where floor area was not stated was excluded from this analysis. The rate of not stated varied between 10% and 20% over the analysis period.

Source: *Building Activity, Australia (cat.no. 8752.0) and data available on request*

These results support recent media commentary suggesting that South Australians are building smaller houses (AdelaideNow Oct 10 2009). Factors which may be influencing this trend include smaller blocks of land; a desire to create more 'efficient' houses in terms of economic and environmental considerations i.e., larger houses cost more to heat and cool etc.; the type of dwellings being built (e.g. older houses on larger blocks being demolished and replaced with multiple (smaller) dwellings); and the ageing profile of our population (i.e. possible increasingly popularity of independent living dwellings in 'retirement communities' which allow older people to down size whilst maintaining their independence). An investigation into these factors is beyond the scope of this article.

Using the floor area values to determine an average cost per square metre shows that despite the size of new houses in the ASD decreasing over the last decade, the cost of building a house has increased to be approximately level with the national average in 2008-09 ($1,047/sq. m for the ASD and $1,049/sq.m for Australia).

NEW HOUSE COMPLETIONS, Average cost per square metre

Source: *Building Activity, Australia (cat.no. 8752.0) and data available on request*

From this analysis it seems that factors other than floor area (such as the quality and quantity of materials, fixtures and fittings) are the driving forces behind the rising cost of building a house in Adelaide.

SUMMARY

This article has shown that the cost of building a house in Adelaide has increased substantially since 1993-94. The cost of building a 'basic' house (as measured by the HPI) has increased by 79.3% whilst the average cost of building based on the average value of

all completed houses in a given period increased by 165.7%. The costs generated by both methods were lower than the respective national averages.

Despite a popular belief that house prices are increasing in part due to people building larger houses, this analysis found that house sizes have been falling in Adelaide over the last decade. Analysis also found the cost per square metre of building a new house in Adelaide to be almost the same as the national average.